



# REPORT Forest Certification



## Kalesnikoff Lumber Company Ltd. SFI Surveillance Audit # 2 – October 2008

In October 2008, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out the second SFI surveillance audit of the Kalesnikoff Lumber Company Ltd. (Kalesnikoff) woodlands operations on Forest Licences A20194 and A30172 in south central British Columbia against the requirements of the 2005 - 2009 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Kalesnikoff's Forest Operations:

Kalesnikoff's woodlands operations are situated in south central British Columbia (B.C.), Canada. These operations currently comprise crown forest licences FL A20194 in the Arrow Timber Supply Area (TSA) and FL A30172 in the Kootenay Lake TSA which are both part of the Southern Interior Forest Region of B.C.

Four statutes form the legal framework for forest management on Crown lands in B.C.: the Forest Act, the Forest Practices Code of British Columbia Act, the Ministry of the Forests Act, and the Forest and Range Practices Act (FRPA). Numerous other provincial and federal acts, regulations, guidelines and policies also have implications for forestry operations on Crown lands. Replaceable forest licences in B.C. are tenures granted by the B.C. Minister of Forests under the authority of the Forest Act. The allowable annual cut (AAC) of each timber supply area (TSA) is determined by the provincial chief forester, at least once every 5 years, under authority of Section 8 of the Forest Act. The AAC for FL A20194 is 34,703 m<sup>3</sup> and for FL A30172 is 55,247 m<sup>3</sup>.

FRPA and its regulations in particular set the requirements for planning, road building, logging, reforestation, and grazing. FRPA prescribes levels of protection for forest values including watersheds and wildlife habitat, and defines planning processes. Forest licencees are required to develop a Forest Stewardship Plan (FSP) to meet the requirements of FRPA.

Kalesnikoff has developed a Sustainable Forest Management Plan (SFMP) which describes how the company will achieve the broad objectives of higher level plans developed under public involvement processes such as the Kootenay Boundary Land Use Planning Process. It also guides the development and content of other planning documents including the FDP and FSP. The SFMP reflects the bounds established by higher level plans and through the regulatory framework described above. The company ensures that all lower-level plans it is responsible for developing (e.g.: the FSP, and all site level plans) are consistent with the commitments made in their SFMP.

Kalesnikoff's woodlands operations are managed by the company from offices in Thrums, B.C.



*"Take Care Of The Land,  
And The Land Will Take Care Of You."*

## Findings – Kalesnikoff Lumber Company Ltd. SFI Surveillance Audit # 2 – October 2008

### Audit Scope

The audit was conducted against the requirements of the 2005-2009 edition of the SFI standard (SFIS), and incorporated an assessment against the SFI program objectives for:

- Wildlife Habitat and Conservation of Biological Diversity;
- Wood Procurement;
- Compliance with Legal and Regulatory Requirements, and;
- Management Review and Continual Improvement.

The audit also included review of open action items from the previous audit, issues of increasing public debate and public claims and communication, including logo use. The scope of the 2008 SFI surveillance audit of Kalesnikoff's woodlands operations included all of the woodlands operations noted above, as well as fibre procurement activities for the Kalesnikoff sawmill located within the community of Thrums, B.C.

### The Audit

- Audit Team – This certification audit was conducted by Dennis Lozinsky RPF, EMS(LA) and Will Sloan RFT, EMS(LA). Both team members are KPMG PRI associate auditors and have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, and CSA Z809.
- SFI Surveillance Audit – This SFI surveillance audit involved an on-site assessment of all elements of the Company's SFI program outlined above. The audit included visits to a number of field sites to evaluate the extent to which the Company's forest management plans and practices continue to conform to the requirements of the SFI standard.
- SFI Program Representative – Yuri Hadikin served as Kalesnikoff's SFI program representative during the audit.

### Use of Substitute Indicators

There were no substitute indicators used during the audit, however during the certification audit a total of 57 supplementary indicators were evaluated in addition to the core indicators to better evaluate performance of the Company against the SFI objectives within the BC regulatory context. All supplementary indicators relevant to the SFI objectives assessed during this surveillance audit were evaluated again.

### Audit Objectives

The objective of this surveillance audit was to evaluate the on-going implementation, effectiveness and conformance of the Kalesnikoff sustainable forest management systems with the selected requirements of the 2005-2009 version of the SFI standard.

#### Types of audit findings

##### Major non-conformances:

Are pervasive or critical to the achievement of the SFIS Objectives.

Major non-conformances must be addressed immediately or certification cannot be achieved / maintained.

##### Minor non-conformances:

Are isolated incidents that are non-critical to the achievement of SFIS Objectives.

All non-conformances require the development of a corrective action plan within 30 days of the audit, which must be fully implemented by the operation within 3 months.

##### Opportunities for Improvement:

Are not non-conformances but are comments on specific areas of the SFIS system where improvements can be made.

#### SFI 2005-2009 Findings

Major nonconformities	0
Minor nonconformities	0
Opportunities for improvement	3

## Findings – Kalesnikoff Lumber Company Ltd. SFI Surveillance Audit # 2 – October 2008

### Audit Conclusions

The audit found that the Kalesnikoff Lumber Company sustainable forest management system:

- Was in full conformance with the requirements of the SFI 2005-2009 requirements included within the scope of the audit, except where noted otherwise in this report;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the Company's environmental and SFM policy, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the audit team to recommend that Kalesnikoff Lumber Company continue to be registered to the SFI 2005-2009 standard.

### Good Practices

During the course of the audit, a number of good practices were identified including:

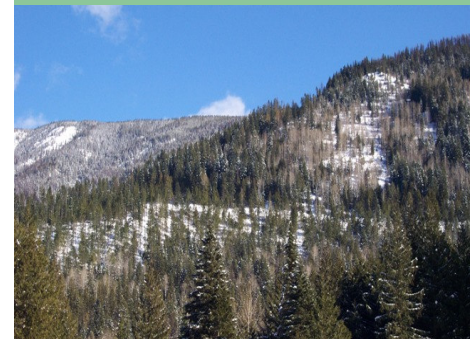
- The Kalesnikoff Lumber Company annual contractor meeting included a detailed Species at Risk training session for contractors. Each contractor was provided with a binder containing pertinent Species at Risk information.
- Demonstrated comprehensive and complete action plan tracking of audit and management review team action items.
- Good harvest and road construction practices and awareness by contractors were observed for operations within community and domestic watersheds.
- Effective use of a mini-tower in harvesting a visually sensitive site in harvest unit CP52-7.

### Follow-up on open non-conformities from previous audits

At the time of this assessment there was 1 open nonconformity from the 2007 audit. The audit team reviewed the implementation of the action plans developed by Kalesnikoff to address the issue, and found that it had been effectively implemented. As a result, the non-conformity identified during the 2007 audit has now been closed.

### Areas of Nonconformance

The 2008 audit did not raise any findings of nonconformity with respect to the SFI 2005-2009 standard.



Visual values maintained by designing harvest unit (foreground) to emulate adjacent natural open area (above) – North Selous Creek.

## Findings – Kalesnikoff Lumber Company Ltd. SFI Surveillance Audit # 2 – October 2008

### Opportunities for Improvement

A total of 3 opportunities for improvement were identified during the SFI 2005-2009 surveillance audit of Kalesnikoff's forest operations. These included:

- Objective 5 - The audit determined that Kalesnikoff does not have a formal process for verifying whether the visual quality objectives as identified in site plans have been met post harvest.
- Objective 9 - Kalesnikoff does, in the 2007 SFIS Annual Report, show examples of in kind research conducted in the past year, however, the annual SFI monitoring report does not reflect the contributions made by Kalesnikoff for 2007 (eg. the Bird Creek water quality monitoring and Species at Risk guide).
- Objective 11 - Kalesnikoff is a BC Forestry Council SAFE certified company. Standard safe work procedures require SAFE certified companies to conduct safety orientations to visitors to inform them of potential safety hazards and emergency response, however, no safety orientations were conducted for the audit team for the office or field sites by staff or contractors.



Using the partial cut silviculture system addresses wildlife, visual and reforestation values – Deer Creek Drainage.

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